

Stockland Direct Office Trust No. 3

ARSN 124 439 925

Updated information since 2 April 2007

Last updated: 20 July 2007

We are pleased to provide this update in relation to the Stockland Direct Office Trust No. 3 ("Fund") since the date of the product disclosure statement (2 April 2007). This update should be read in conjunction with the PDS for the Fund.

1. Savings in fund establishment costs

To date, we have achieved significant cost savings in establishing the Fund which will be passed on to investors, increasing the forecast yield to:

- 7.95% p.a. for the period ending 30 June 2008 (up from 7.75% p.a.); and
- 8.00% p.a. for the year ended 30 June 2009 (up from 7.85% p.a.).

2. 75 George Street, Parramatta NSW ("Parramatta Property")

St George Bank has signed a heads of agreement to lease all of level 4 and half of level 3 in the Parramatta Property.

This:

- increases St George Bank's tenancy in the Parramatta Property to 66% of income;
- increases the occupancy rate of the Parramatta Property to 99% (and reduces the portfolio vacancy rate to 4%), with the balance still covered by the Stockland rental guarantee; and
- increases the portfolio weighted average lease term from 4.3 years to 4.7 years.



3. 541 St Kilda Road, Melbourne VIC ("St Kilda Road Property")

We have secured a café operator for the ground floor of the St Kilda Road Property on terms equal to that forecast in the PDS.



4. Stockland Capital Partners

With over \$800 million of funds under management, Stockland has recently re-badged the Unlisted Property Funds Division to "Capital Partners" and broadened the mandate to include wider product solutions including unlisted, joint venture, co-investment and other product solutions appealing to a wider stakeholder base.

Coinciding with the broadening of the mandate, Stockland has appointed Brett Newman as CEO - Capital Partners. Brett joins Stockland from Macquarie Bank where he was a Division Director within the Investment Banking Division of Macquarie's Real Estate Capital Group for the past three years. Brett has extensive experience in the United Kingdom, where he established and headed Challenger Group's UK operation for four years. Before this, Brett was a director of Challenger Life in Sydney.

5. Performance of Previous Offers

Some of the properties in our previous funds have been positively revalued as at 30 June 2007 increasing the performance of:

- Stockland Direct Office Trust No. 1 to 40.5% p.a. since inception (November 2004);
- Stockland Direct Office Trust No. 2 to 35.1% p.a. since inception (September 2005).

Please note that the performance of our previous funds as at 30 June 2007 should not be relied upon as an indicator of the performance of the Fund.